



OCC ADVISORY LETTER

Comptroller of the Currency
Administrator of National Banks

Subject: Year 2000 Examination Procedures

TO: Chief Executive Officers of National Banks, Federal Branches, Service Providers, Software Vendors, Department and Division Heads, and Examining Personnel

This advisory is to alert you to the recent release of updated FFIEC Year 2000 examination procedures. “Year 2000 Work Program Phase II” will assist examiners in determining whether institutions have addressed adequately the Year 2000 problems inherent in many computer software, hardware, and environmental systems. The procedures also address Year 2000 risks associated with customers of financial institutions, external parties and fiduciary activities. These examination procedures supplement the FFIEC Year 2000 Examination Procedures issued in May 1997.

The examination procedures are divided into six sections: General, Renovation, Validation, Implementation, Contingency Planning and Examination Conclusions. The procedures are structured to address the varying degrees of complexity of bank operational systems and applications. Specific exam procedures are provided for financial institutions that rely on service providers and turnkey software vendors, as well as for large or complex financial institutions. The scope of the examination will be based on the risk profile and complexity of the organization under review.

The objective of the work program is to determine whether an institution is handling Year 2000 related issues in a safe and sound manner and whether the institution’s Year 2000 testing plan meets the FFIEC’s key milestones. These examination procedures focus mostly on the validation and implementation phases of the Year 2000 project plans and contingency planning. These examination procedures will be used during the remainder of 1998 and during 1999.

For further information on Year 2000 issues, contact the Year 2000 Supervision Policy Division at (202) 874-2340.

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Attachment

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